

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re:	}	Chapter 11
U.S. ENERGY SYSTEMS, INC., <i>et al.</i> ,		Case No. 08-10054 (RDD)
Debtors. <sup>1</sup>		(Jointly Administered)

**ORDER (I) EXTENDING THE BID DEADLINE, (II) ADJOURNING THE AUCTION AND SALE HEARING AND (III) GRANTING RELATED RELIEF**

Upon consideration of the *ex parte* motion (the “Motion”)<sup>2</sup> of U.S. Energy Systems, Inc. (“USEY”), one of the debtors and debtors-in-possession in the above-captioned cases, for entry of an order (i) extending the Bid Deadline for Qualified Bidders to submit bids for the Plymouth Shares, (ii) adjourning the Auction and the Sale Hearing, and (iii) granting related relief, including but not limited to approving the form and manner of service of the Amended Auction and Sale Hearing Notice; and the Court finding that (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334(b); (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) venue of USEY’s case and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (iv) the relief requested in the Motion is in the best interests of the USEY, its estate and its creditors; (v) pursuant to Bankruptcy Rule 9006(b)(1) no notice of the Motion is necessary; and (vi) good and sufficient cause exists for granting the relief requested in the Motion. Therefore,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is **GRANTED**.

<sup>1</sup> The other Debtors are the following: U.S. Energy Overseas Investments, LLC, U.S. Energy Biogas Corp., Biogas Financial Corp., Power Generation (Suffolk), Inc., Resources Generating Systems, Inc., Suffolk Biogas, Inc., USEB Assignee, LLC, ZFC Energy, Inc., ZMG Inc., and Oceanside Energy, Inc.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

2. The Bid Deadline is extended from March 16, 2010 at noon (prevailing Eastern Time) to March 23, 2010 at noon (prevailing Eastern Time).
3. The Auction is adjourned from March 17, 2010 at 10:00 a.m. (prevailing Eastern Time) to March 24, 2010 at 10:00 a.m. (prevailing Eastern Time).
4. The Sale Hearing is adjourned from March 23, 2010 at 10:00 a.m. (prevailing Eastern Time) to March 31, 2010 at 10:00 a.m. (prevailing Eastern Time) and the related objection deadline is extended from March 19, 2010 at 4:00 p.m. (prevailing Eastern Time) to March 26, 2010 at 4:00 p.m. (prevailing Eastern Time).
5. The Amended Auction and Sale Hearing Notice substantially in the form annexed hereto as **Exhibit 1** is approved.
6. USEY or (its agent) shall serve a copy of the Amended Auction and Sale Hearing Notice as soon as reasonably practicable after the entry of this Order via United States Postal Service, First Class mail, postage prepaid delivery, to (i) the Office of the United States Trustee for the Southern District of New York, (ii) all parties that USEY and its professionals have determined to be potential bidders for the Plymouth Shares, (iii) all parties that have filed a notice of appearance or a request for notices pursuant to Bankruptcy Rule 2002 in the Debtors' cases, and (iv) all parties that appear on USEY's creditors matrix.
7. Compliance with the notice requirement set forth herein shall constitute good and sufficient notice of the extension of the Bid Deadline, the adjournment of the Auction, the adjournment of the Sale Hearing and the extension of the related objection deadline. No other or further notice of the extended Bid Deadline, the adjourned Auction, the adjourned Sale Hearing or the extended objection deadline in connection with approval of the Sale of the Plymouth Shares shall be necessary or required.

8. USEY is authorized and empowered to take or perform such actions and expend such funds as may be necessary to effectuate the terms of this Order.

9. Notwithstanding any Bankruptcy Rule or Local Rule, this Order shall be effective and enforceable immediately upon signature hereof.

10. Except as specifically superseded by this Order, the Bidding Procedures Order remains in full force and effect.

11. To the extent this Order is inconsistent with the Motion, the terms of this Order shall control.

12. The Court shall retain exclusive jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the implementation of this Order.

Dated: White Plains, New York  
March 16, 2010

/s/Robert D. Drain  
THE HONORABLE ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT 1 TO PROPOSED ORDER**

**AMENDED AUCTION AND SALE HEARING NOTICE**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
U.S. ENERGY SYSTEMS, INC., <i>et al.</i> ,	)	Case No. 08-10054 (RDD)
Debtors. <sup>1</sup>	)	(Jointly Administered)

**AMENDED NOTICE OF (I) AUCTION, (II) BIDDING PROCEDURES, (III) SALE OF  
THE PLYMOUTH SHARES FREE AND CLEAR OF ALL LIENS, CLAIMS,  
ENCUMBRANCES, AND OTHER INTERESTS, AND (IV) DATE AND TIME  
FOR A HEARING ON PROPOSED SALE RESULTING FROM AUCTION**

**PLEASE TAKE NOTICE** that on January 27, 2010, U.S. Energy Systems, Inc. (“USEY”), one of the debtors and debtors-in-possession in the above-captioned cases, entered into the Stock Purchase Agreement (the “Agreement”) with Nakash Energy, LLC (“Nakash”) to sell (the “Sale”) its one hundred percent ownership interest (the “Plymouth Shares”) in Plymouth Envirosystems, Inc., free and clear of all liens, claims, interests, encumbrances and successor liability, subject to the submission of higher or better offers in an auction process (the “Auction”).

**PLEASE TAKE FURTHER NOTICE** that:

1. Approval of the Bidding Procedures Order. On February 22, 2010, the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) entered the *Order (A) Authorizing and Scheduling an Auction for the Sale of the Plymouth Shares; (B) Approving Bidding and Auction Procedures; (C) Approving the Bid Protection for the Stalking Horse Bidder; (D) Setting a Date and Time for a Hearing to Approve the Sale Resulting from the Auction; and (E) Granting Related Relief* [Docket No. 785] (the “Bidding Procedures Order”).

2. Bid Deadline. Pursuant to the Bidding Procedures Order, any party wishing to participate in the Auction must do so in accordance with the bidding and auction procedures (the “Bidding Procedures”) that were approved by the Bankruptcy Court on February 22, 2010, including the submission of a binding written offer to (i) US Energy Systems, Inc., 40 Tower Lane, 1st Floor, Avon, Connecticut 06001 (Attn: Richard Augustine), and (ii) Hunton & Williams LLP, 200 Park Avenue, New York, New York 10166-0091 (Attn: Peter S. Partee, Esq. and Scott H. Bernstein, Esq.). **The time for any bidder desiring to participate at the Auction to deliver a binding written offer has been extended from March 16, 2010 at noon (prevailing Eastern Time) to March 23, 2010 at noon (prevailing Eastern Time)** (the “Bid”).

<sup>1</sup> The other Debtors are the following: U.S. Energy Overseas Investments, LLC, U.S. Energy Biogas Corp., Biogas Financial Corp., Power Generation (Suffolk), Inc., Resources Generating Systems, Inc., Suffolk Biogas, Inc., USEB Assignee, LLC, ZFC Energy, Inc., ZMG Inc., and Oceanside Energy, Inc.

Deadline”). Any person or entity that does not submit a bid by the Bid Deadline (as may be extended pursuant to the Bidding Procedures) shall not be permitted to participate in the Auction. To be considered, a bid **must** conform to the terms and conditions described in the Bidding Procedures.

3. Public Auction. If USEY receives at least two Qualified Bids (as defined in the Bidding Procedures) by the Bid Deadline, USEY will conduct the Auction at the offices of Hunton & Williams LLP, 200 Park Avenue, 53<sup>rd</sup> Floor, New York, New York 10166. **The Auction has been adjourned from March 17, 2010 at 10:00 a.m. (prevailing Eastern Time) to March 24, 2010 at 10:00 a.m. (prevailing Eastern Time).**

4. Sale Hearing. USEY will seek approval of the Sale before the Honorable Robert D. Drain at the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), 300 Quarropas Street, White Plains, New York 10601-4140) (the “Sale Hearing”). **The Sale Hearing has been adjourned from March 23, 2010 at 10:00 a.m. (prevailing Eastern Time) to March 31, 2010 at 10:00 a.m. (prevailing Eastern Time).**

5. Objections to the Sale. Any objections to the proposed Sale contemplated by the Agreement and any other relief requested in the motion [Docket No. 772] seeking approval of the Sale (the “Motion”) **must** (i) be in writing, (ii) set forth with particularity the basis for the response or objection, (iii) be filed with the Clerk of the Bankruptcy Court (with a courtesy copy delivered directly to the Chambers of the Honorable Robert D. Drain, United States Bankruptcy Court, 300 Quarropas Street, White Plains, New York 10601-4140) and (iv) be served on (a) Hunton & Williams LLP, 200 Park Avenue, New York, New York 10166-0091 (Attn: Peter S. Partee, Esq. and Scott H. Bernstein, Esq.), attorneys for USEY; and (b) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Richard C. Morrissey, Esq.) so as to be **actually received by the objection deadline** (the “Objection Deadline”). **The Objection Deadline has been extended from March 19, 2010 at 4:00 p.m. (prevailing Eastern Time) to March 26, 2010 at 4:00 p.m. (prevailing Eastern Time).**

6. Consequences of Failing to Timely File and Serve an Objection. ANY PARTY OR ENTITY WHO FAILS TO TIMELY FILE AND SERVE AN OBJECTION TO THE SALE ON OR BEFORE THE OBJECTION DEADLINE IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH HEREIN SHALL BE FOREVER BARRED FROM ASSERTING ANY OBJECTION TO THE SALE, INCLUDING WITH RESPECT TO THE TRANSFER OF ANY PROPERTY FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, SUCCESSOR LIABILITY AND OTHER INTERESTS EFFECTED THEREUNDER.

7. Obtaining Additional Information. Copies of the Bidding Procedures Order, the Bidding Procedures, the proposed form of order approving the Sale, the Stock Purchase Agreement, the Motion and any other pleading filed in these chapter 11 cases may be (a) inspected at the Office of the Clerk of the Court, United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, White Plains, New York 10601-4140, (b) downloaded from the website of USEY’s claims, notice and balloting agent, Epiq Bankruptcy

Solutions LLC, at <http://chapter11.epiqsystems.com>, or (c) obtained by written request made to USEY's counsel, Hunton & Williams LLP (Attn: Scott H. Bernstein, Esq.), 200 Park Avenue, New York, New York 10166-0091, Facsimile (212) 309-1100.

Dated: March 16, 2010  
White Plains, New York

BY ORDER OF THE COURT